

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, HOLDING COMPANY ACQUISITION, TRUST POWERS, MANAGEMENT OFFICIAL INTERLOCKS EXEMPTION, AND REBUTTALS OF CONTROL

Order No.: 2000-50

Date: June 8, 2000

American Express Company, New York, New York (the Company), and American Express Financial Corporation, Minneapolis, Minnesota (collectively, the Applicants), have applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire American Express Personal Trust Services, FSB, Minneapolis, Minnesota (the Savings Bank). In addition, the Savings Bank has applied, pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. Part 550, to exercise trust powers as described in the application. The Savings Bank will be a member of the Savings Association Insurance Fund. The Company has also filed an application for an exemption from the management official interlocks prohibitions in 12 U.S.C. § 3202(2) and 12 C.F.R. § 563f.3 for Frank P. Popoff, a director of the Company and a director of Chemical Financial Corporation, Midland, Michigan, pursuant to 12 C.F.R. § 563f.6 (the Management Interlocks Exemption). Berkshire Hathaway, Inc. and a related person and entities (Berkshire) have filed, pursuant to 12 C.F.R. § 574.4(e), a rebuttal of control submission regarding Berkshire's ownership in the Company, which includes a rebuttal of control agreement. Finally, the Applicants and related entities have filed, pursuant to 12 C.F.R. § 574.4(e), a rebuttal of control submission, which includes a rebuttal of control agreement, with respect to Wilshire Financial Services Group Inc. and its subsidiary, First Bank of Beverly Hills, F.S.B., Beverly Hills, California (the Rebuttals). (The foregoing are collectively referred to as the Applications.)

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1464(n) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), 563f.6, 574.4, and 574.7 and Part 550, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered the digest prepared by the OTS Midwest Regional Office, an analysis by the Office of Examination and Supervision, and a legal opinion by the Business Transactions Division (collectively the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, provided that the conditions set forth below are complied with in a manner satisfactory to the Midwest Regional Director, or his designee (Regional Director). Accordingly, the Rebuttals are accepted, the Management Interlocks Exemption is granted, and the other Applications are hereby approved, subject to the following conditions:

1. The Applicants and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank, respectively, as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicants, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Applicants and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants), and in particular, those pertaining to cross-marketing of products of the Savings Bank and its affiliates, for the prior, written non-objection of the Regional Director. The request for change must be submitted no later than 60 calendar days prior to the desired implementation date with a copy to the FDIC Regional Office;
7. Prior to engaging in any business activity other than that authorized pursuant to section 5(n) of the HOLA, the Savings Bank must apply to the OTS and receive approval of its application to engage in such business activity. The OTS will consider any such application under the standards required of a new federal thrift charter which are set forth at section 5(e) of the HOLA and OTS regulations thereunder, and under the Community Reinvestment Act and OTS regulations thereunder at 12 C.F.R. § 563e.29. Any such application may be subject to the public notice and comment procedures set forth at 12 C.F.R. Part 516, Subparts B and C;

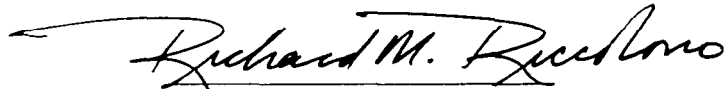
8. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants or affiliates thereof or have not otherwise been determined by the Regional Director to lack sufficient independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicants or any affiliate and who is not an officer or employee of the Savings Bank or has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of any audit, investment, and trust committee established by the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Applicants or any affiliates or have not otherwise been determined by the Regional Director to lack sufficient independence;
9. The Savings Bank must appoint an investment officer and must submit background information to the Regional Director for written non-objection. The permanent appointment of Ms. Debra Fellman as Controller of the Savings Bank is conditioned upon the written non-objection of the Regional Director;
10. Any additional director(s) must submit background information and receive written non-objection of the Regional Director prior to the Savings Bank commencing operations. The permanent appointments of Mr. Ronald Bosrock and Ms. Karen Bohn are conditioned upon receipt of FBI background information and the Regional Director's non-objection;
11. The Savings Bank must submit documentation to support compliance with the Qualified Thrift Lender Test (QTL) within 60 days of organization. For purposes of complying with QTL as set forth in 12 U.S.C. § 1467a(m), the first calculation month for determining compliance will be the first month of the quarter following consummation of the transaction. Alternatively, the Savings Bank may maintain QTL status by complying with the Internal Revenue Service's Domestic Building and Loan Association test;
12. Prior to engaging in any fiduciary activity, the Savings Bank must develop and submit to the Regional Director for review a functioning oversight program, consisting of a comprehensive audit program, a compliance management program, and a risk management program. The audit program must be fully implemented prior to the commencement of operations. The compliance management program must be fully implemented within 90 days of commencement of operations. The risk management program must be fully implemented within 180 days of commencement of operations.
 - The audit program should address auditor qualifications, audit scope and method, committee involvement, reporting, and the process for effectuating corrective action.

- The compliance management program should ensure compliance with applicable laws, regulations, and sound fiduciary principles. It should include, at a minimum: (a) the assignment of specific compliance responsibilities to experienced staff; (b) training for affected staff; (c) routine self-evaluations; (d) periodic compliance audits; and (e) appropriate written policies and procedures.
 - The risk management program should establish criteria to identify, measure, monitor, and control risks within the fiduciary activities;
13. Within 30 days after each calendar quarter, the Savings Bank must submit to the Regional Director quarterly activity reports on the number and type of trust accounts serviced, the total asset values of these accounts, and the minutes of the meetings of the Savings Bank's Trust Committee;
 14. The Applicants, their affiliates, and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director prior to the opening of the Savings Bank for business;
 15. For the first eighteen months of operation, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation;
 16. A majority of the Savings Bank's board of directors must not be individuals who are officers, directors or employees of any affiliate of the Savings Bank that engages in broker, dealer, investment company, or investment advisor activities (Securities Affiliate(s));
 17. The Savings Bank and any Securities Affiliate are prohibited from sharing common officers, other than as disclosed in the Applications, unless prior approval is obtained from the Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;
 18. For a period of two years following the consummation date, the Savings Bank must receive the prior non-objection of the Regional Director for any proposed new senior executive officer or director; and
 19. The Savings Bank must submit policies for compliance with the Bank Secrecy Act and the Bank Protection Act to the Regional Director within 120 days of the opening of the Savings Bank for business.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

June 8th 2000

A handwritten signature in black ink, reading "Richard M. Riccobono". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Richard M. Riccobono

Deputy Director